

BUYING NATURAL GAS

PIERCE TRANSIT'S EXPERIENCE

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INTRODUCTION

- Pierce Transit is the Transit Agency for Pierce County, Washington
- Approx. 800 Employees, 244 Buses
- 176 CNG-Powered Forty-Foot Coaches
- Current Natural Gas Usage: Approx. 3.5 Million Therms Annually

HISTORY

- Pierce Transit Committed to CNG over 15 Years Ago
- Initial Fleet Size: 15 Coaches
- Initial Gas Usage: 600,000 Therms/Yr
- Contracted with Local Utility

WHERE WE ARE NOW

- Fleet Will Be Totally CNG by End 2004
- Contract with Broker
- Firm Annual Pricing
- Firm Gas Supply to City Gate
- Interruptible Transportation from Utility

HOW WE GOT HERE

- Made Decision to Switch from Supply to Transportation as Usage Increased
- Worked with Local Utility to Overcome Hurdles
- Obtained Agreement from Governing Board
- Developed Request for Proposals

REQUEST FOR PROPOSALS

- Proposal Requirements:
 - ◆ Uninterruptible Delivery to City Gate
 - ◆ Nominating and Balancing Handled by Provider
 - ◆ Fixed Pricing per Therm per Year for Multiple Years Including all Taxes, Fees etc (Total cost)
 - ◆ Detailed Pricing Breakdown (Cost of Gas and Cost of Individual Fees, Taxes etc.)

REQUEST FOR PROPOSALS

- Requirements cont'd:
 - ◆ Ability to Purchase Additional Gas from Index
 - ◆ Cost of Buying from Index
 - ◆ Broker's Willingness to Collect and Transmit Utility Transportation Fees
 - ◆ Daily Monitoring of Gas Usage
 - ◆ Earliest Notification of Curtailments

BENEFITS

- Savings Potential
- Firm Pricing for One or More Years
- Ease of Budgeting

LESSONS LEARNED

- Important to Work With Utility
- Work with Governing Board to Ensure Flexibility to Lock in Rates
- Keep in Touch with your Provider - They are a Wealth of Information

WHAT'S NEXT

- Starting the Process for a Public Access CNG Fueling Station
- Awarded Contract for Station Build-Out
- Received Letters of Interest from Firms to Run the Public Access Station.
- RFP for Public Access Station Operations being developed.